

Message Text

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11

ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 IO-12

NIC-01 EB-11 COME-00 TRSE-00 OMB-01 MBFR-03 SAJ-01

SCI-06 EPA-04 CEQ-02 CU-04 RSR-01 SCEM-02 /140 W

----- 006671

R 061541 Z APR 73

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9870

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY MOSCOW

AMEMBASSY OSLO

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E. O.11652: N/A

TAGS: ENRG ETRD ETRN SW US

SUBJECT: KOSYGIN VISIT - ECONOMIC ASPECTS

REF: STOCKHOLM 3468 969 AND 1193

SUMMARY: AS EXPECTED NO NEW DECISIONS IN ECONOMIC AREA WERE TAKEN DURING KOSYING VISIT TO SWEDEN. AGREEMENTS WERE SIGNED COVERING SHIPPING AND BALTIC SEA RESCUE SERVICES, BUT MAJOR QUESTIONS OF NATURAL GAS, EXPORT CREDITS AND URANIUM ENRICHMENT WERE DISCUSSED ONLY IN GENERAL TERMS. KOSYGIN STRESSED THAT WHILE SWEDEN AND SOVIET UNION ARE NATURAL TRADING PARTNERS, EXPANSION OF SWEDISH- SOVIET ECONOMIC RELATIONS SHOULD BE LOOKED AT AS LONG- TERM MATTER REQUIRING CAREFUL PREPARATION AND DEVELOPMENT. END SUMMARY.

1. FINAL COMMUNIQUE STRESSED " IMPORTANCE OF A FAVORABLE DEVELOPMENT OF SWEDISH/ SOVIET TRADE", BUT NOTED THAT " ECONOMIC INDISTRIAL, AND TECHNICAL- SCIENTIFIC COOPERATION WOULD BE FURTHEREED IF IT WERE GIVEN A MORE LONG- TERM CHARACTER". THE TWO PRIME MINI-
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STERS " REQUESTED THE JOINT SWEDISH/ SOVIET COMMISSION TO DRAW UP PROPOSALS FOR THE CREATION OF A STABLE BASIS FOR SUCH COOPERATION. " IN DISCUSSIONS SWEDES NOTED THAT SWEDISH EXPORTS TO USSR HAD DROPPED SHARPLY OVER LAST TWO YEARS. IN 1972 SWEDES BOUGHT ALMOST TWICE AS MUCH FROM RUSSIA AS THEY SOLD, I. E., 759 MILLION SKR COMPARED TO 397 MILLION SKR. SOVIETS, HOWEVER, WERE EVIDENTLY NOT PREPARED TO CONCLUDE SPECIFIC DEALS, CONFINING THEMSELVES TO EXPRESSION OF INTEREST IN SWEDISH HIGH TECHNOLOGY PRODUCTS AND TURNKEY PLANTS. ALFA LAVAL DID ANNOUNCE DURING WEEK CONTRACT TO BUILD FOUR MORE CONDENSED MILK PLANTS IN SOVIET UNION, BUT THIS APPARENTLY NOT DIRECTLY RELATED TO VISIT.

2. ON NATURAL GAS. KOSYGIN REPORTEDLY SAID THAT SOVIETS WERE PREPARED TO BEGIN NEGOTIATIONS FOR DELIVERY OF SOVIET NATURAL GAS BY 1978. AS REPORTED EARLIER, DISCUSSIONS ON THIS SUBJECT HAVE TAKEN PLACE OFF AND ON OVER LAST COUPLE OF YEARS BUT SOVIETS HAVE SO FAR DECLINED TO PROVIDE INFORMATION ON QUANTITIES, PRICES OR OTHER SPECIFICS. WHILE SOVIETS MAY NOW BE PREPARED TO BEGIN NEGOTIATIONS WITH SWEDES FOR SUPPLY OF NATURAL GAS, THEY ARE LIKELY TO CONTINUE TO GIVE PRIORITY TO BIGGER DEALS UNDER DISCUSSION WITH OTHER COUNTRIES.

3. REACTING TO PRESS REPORTS THAT SWEDES WOULD OFFER EXPORT CREDITS TO KOSYGIN, FOREIGN MINISTER WICKMAN TOLD PRESS ON APRIL 3 THAT NO DECISION WOULD BE TAKEN BEFORE KOSYGIN'S DEPARTURE. WICKMAN ADDED THAT IN ANY EVENT THERE WOULD BE NO REPRISAL OF " POSTWAR RUSSIAN CREDIT AGREEMENT". EMBASSY'S NOTE: SWEDES ARE STILL SENSITIVE TO MONUMENTAL MISTAKE MADE IN 1946 BY THEN COMMERCE MINISTER GUNNAR MYRDAL IN EXTENDING ONE BILLION KRONOR CREDIT ON VERY FAVORABLE TERMS TO SOVIETS, ON MISTAKEN BELIEF THAT SWEDEN'S TRADE FUTURE LAY IN EAST. SWEDES ARE NOW PUTTING FINISHING TOUCHES TO EXPORT CREDIT LEGISLATION DESIGNED TO MAKE SWEDISH EXPORT CREDIT FACILITIES MORE COMPARABLE TO THOSE OF OTHER WESTERN COUNTRIES. MEASURE REPORTEDLY WILL BE GENERAL IN APPLICATION AND NOT RESTRICTED SOLELY TO USSR.

4. ON THE QUESTION OF URANIUM ENRICHMENT, IT WAS CONFIRMED THAT NEGOTIATIONS WILL BEGIN IN MAY REGARDING A POSSIBLE CONTRACT FOR SOVIET ENRICHMENT SERVICES UNDER EXISTING SOVIET / SWEDISH AGREEMENT (SEE STOCKHOLM 1108.)
OLSEN

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*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 06 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STOCKH01198
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730436/aaaahvmr.tel
Line Count: 109
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 STOCKHOLM 3468 969 AND 1193
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 07 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Sep-2001 by rowellE0>; APPROVED <19-Sep-2001 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971205
Subject: KOSYGIN VISIT - ECONOMIC ASPECTS
TAGS: ENRG, ETRD, ETRN, SW, US, ETRN
To: COPENHAGEN
EUR
HELSINKI
MOSCOW
OSLO
SECSTATE WASHDC
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005